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Iraq

Status Report

August 11, 2010



Bureau of Near Eastern Affairs
U.S. Department of State

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HIGHLIGHTS



- **UNSC Urges the Council of Representatives to End the Stalemate, Form Government (*POLITICAL*, page 4)**
- **Peshmerga Regional Guard Brigade Begins Basic Combat Training Course (*SECURITY*, page 9)**
- **EU to Invest in Iraqi IT, Health, and Education Sectors (*ECONOMIC*, page 17)**
- **Iraqi Cabinet Approves Two U.S. Consulates (*DIPLOMATIC*, page 19)**

POLITICAL – Governance & Legislation



Government formation negotiations continue

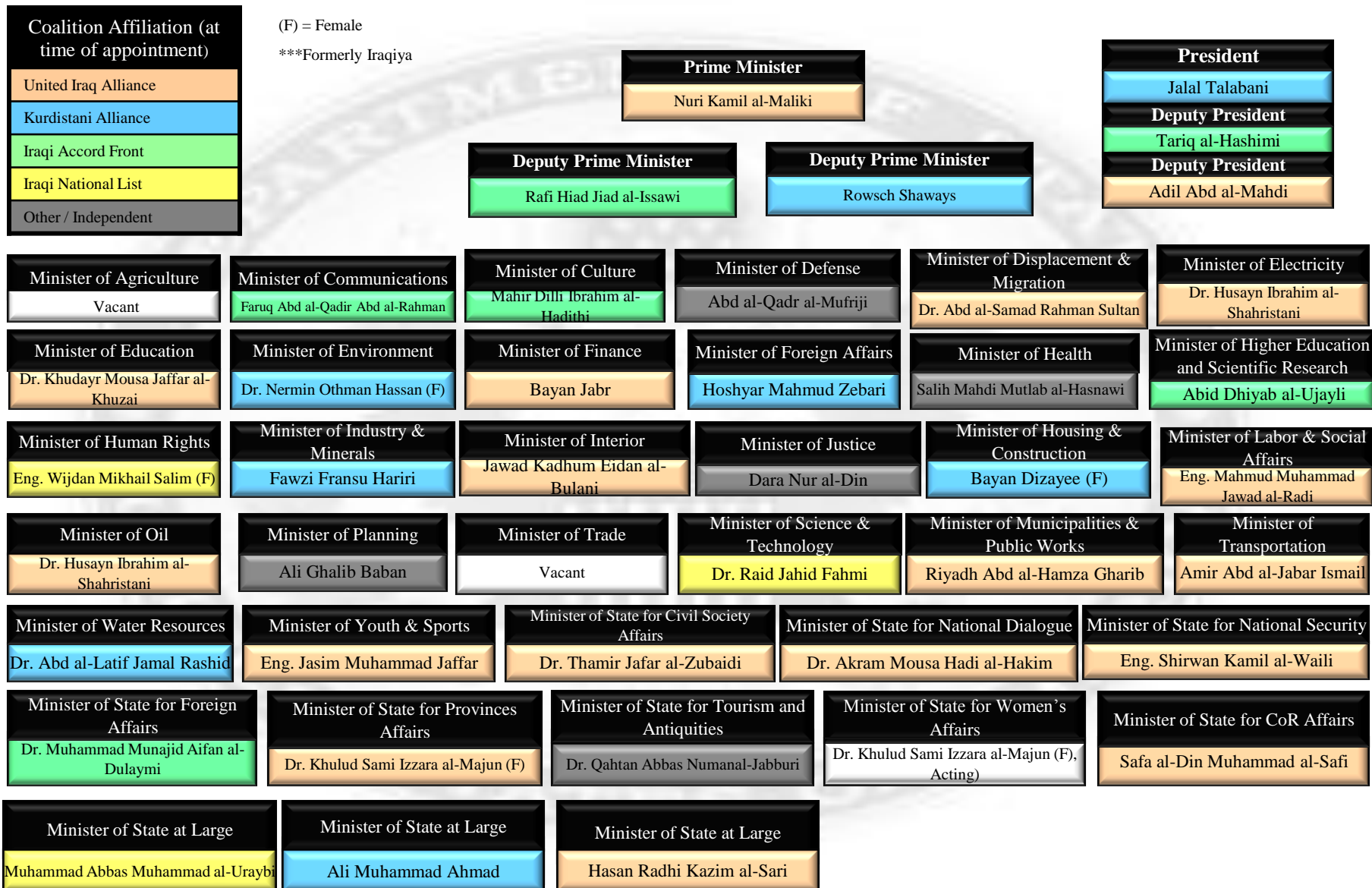
UNSC Urges the Council of Representatives to End the Stalemate, Form Government:

- **The United Nations Security Council strongly urged the Iraqi Council of Representatives to end their five-month stalemate as quickly as possible after UN Special Representative Ad Melkert told the Security Council the delay in forming a government risks creating "conditions that could be exploited by elements opposed to Iraq's democratic transition." Melkert said the main political blocs have been discussing the need for an inclusive government and possible power sharing arrangements, but emphasized that "government formation could benefit from the adherence to a specific time frame as well as a collective process through which a resolution could be reached." The Security Council said the new government should be inclusive and represent the will of the Iraqi people and their hope for a "strong, independent, unified and democratic Iraq."**

Top Saddam Loyalist Released from Prison:

- **The Iraqi government released a top Saddam Hussein loyalist from prison after he was found innocent of helping the former regime drain the country's marshlands. Khamis Sirhan al-Muhammadi was number 54 out of 55 on a former U.S. military list of most-wanted officials from the Saddam Hussein regime. Iraqi High Tribunal spokesman Judge Mohammed Abdul-Sahib Yaseen said al-Muhammadi was acquitted due to lack of evidence.**

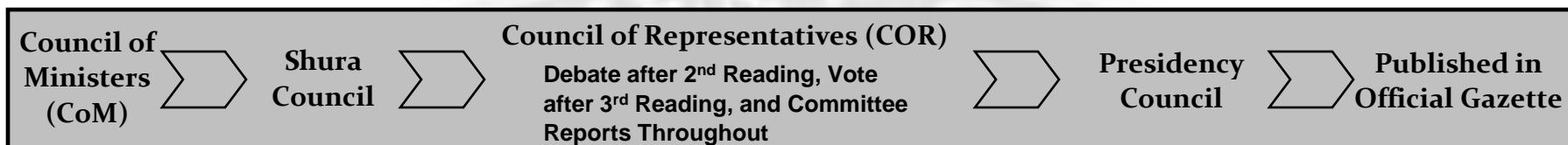
POLITICAL – Government of Iraq



POLITICAL – Key Legislative Issues



Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law, approved March 3, will regulate the operations and funding of Non-Governmental Organizations operating within Iraq.

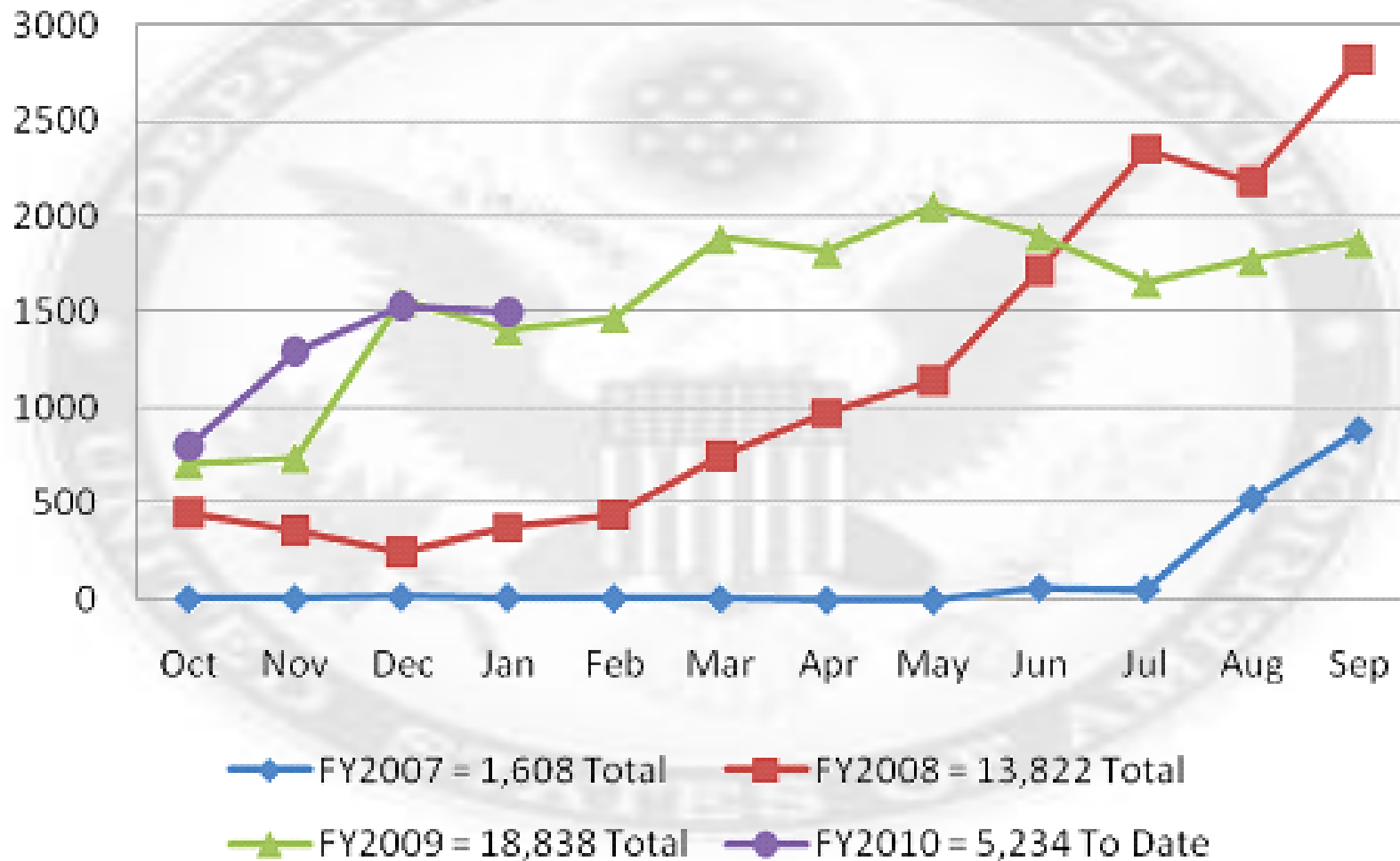
POLITICAL – Refugee Update



- **There are almost 229,000 Iraqi refugees currently registered with the UN High Commissioner for Refugees (UNHCR) in neighboring countries and an undetermined number of unregistered refugees. UNHCR reports that 1.5 million Iraqis remain internally displaced due to sectarian violence following the Samarra Mosque bombing of February 2006.**
- **Since the beginning of 2008, some 464,000 Iraqis have returned to their neighborhoods in Iraq. The majority of the Iraqis returning were internally displaced persons.**
- **In FY09, the U.S. Government contributed \$387 million to international and non-governmental organizations to assist Iraqi refugees, internally displaced, and conflict victims.**
- **Since the program's inception in FY07, 47,841 Iraqi refugees have been admitted to the U.S. for resettlement.**
- **As of September 2009, a total of 1,143 Special Immigrant Visas (SIVs) have been issued for Iraqi translators and interpreters (and their dependents) since FY07 (under the Section 1059 program).**
- **As of September 2009, a total of 1,716 SIVs have been issued for Iraqis employed by the U.S. government (and their dependents) since FY08 (under the Section 1244 program).**

POLITICAL – Refugee Update

Iraqi Admissions to the U.S.





SECURITY – Situation Update

USF-I confident in Iraqi Security Forces, despite attacks

Weekend Attacks Kill at Least 69 Iraqis:

- Press reports at least 69 people were killed in attacks throughout Iraq over the weekend. A triple bombing killed 43 people in a crowded marketplace in Basrah. Numerous others were killed in Ramadi, Fallujah, and Mosul in other bombings. USF-I Commander General Odierno described the attacks as last-ditch efforts by extremists intent on derailing progress. General Odierno expressed confidence in the Iraqi Security Forces' ability to assume full operations from American forces and deal with the violence.

Peshmerga Regional Guard Brigade Begins Basic Combat Training Course:

- More than 500 soldiers from the Ministry of Peshmerga's 1st Regional Guard Brigade began their first basic combat training course in Sulaymaniyah on August 2. The 11-week course is conducted to Iraqi Army standards of performance and includes instruction and training in first-aid, leadership, marksmanship, navigation, and security operations. Once training is complete, the soldiers will return to Qara Anjir, near Kirkuk, for their assignments.

SECURITY – Situation Update



USF-I confident in Iraqi Security Forces, despite attacks

Iraqi Army M1A1 Tanks Arrive at Port:

- **As part of a Foreign Military Sales agreement between the U.S. and Iraqi governments, the first 11 of a scheduled 140 M1A1 Abrams Tanks for the Iraqi Army arrived August 7 at Iraq's Port of Umm Qasr. The Tanks will be transferred to Iraqi control at the Besmaya Combat Training Center for integration into the 9th IA Mechanized Division located in central Iraq. This delivery is part of a larger, comprehensive program to modernize Iraq's conventional defense capabilities.**

ECONOMIC – Oil



Crude Oil Update:

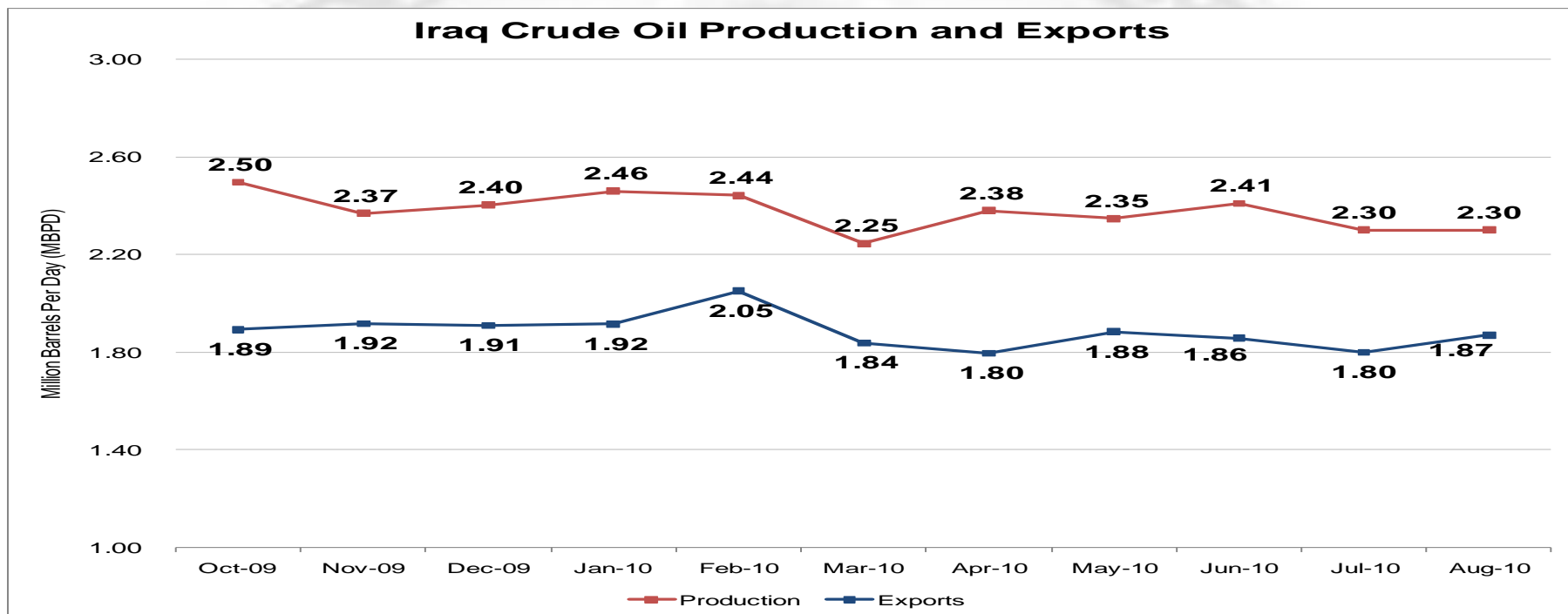
Price averages in world markets closed with the following prices:

Basrah Light at \$80.80/barrel

Dated Brent at \$81.71/barrel

WTI Cushing at \$81.81/barrel

Oman/Dubai at \$77.84/barrel



Note: Y-Axis starting point has been changed from zero to 1.0

Revenue estimates:

2008: \$61.9 Billion

2009: \$39.2 Billion

2010 (ytd): \$27.6 Billion

ECONOMIC – Oil



New prospects for oil development in northern and southern regions

Kuwaiti and Iraqi Officials Meet to Discuss Cooperation over Cross-Border Fields:

- **Al-Jarida (Kuwaiti daily) reports that delegations from Kuwait and Iraq met on August 8 in Kuwait to discuss guidelines for investments in oil fields that lie along their shared border. The newspaper reported that both countries will designate a third party to determine each country's share in the oil fields. A final agreement is expected to be reached shortly.**

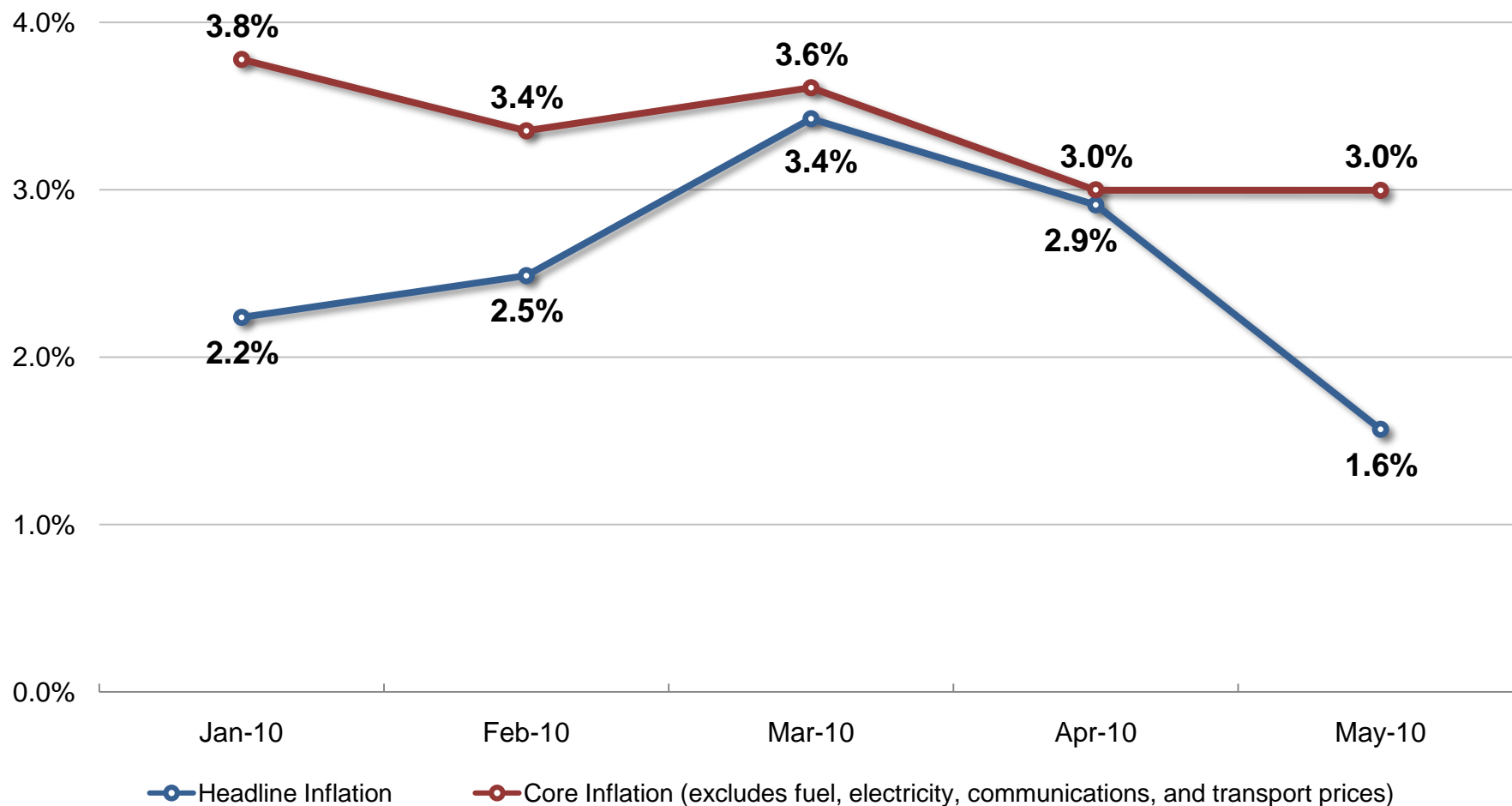
South Korean Company Discovers New Oil Reserves in Northern Iraq:

- **State-owned Korea National Oil Corp (KNOC) announced the discovery of crude oil reserves in the Bazian and Sangaw North blocks in northern Iraq. Current estimates suggest that the two blocks hold 1.27 billion barrels and 790 million barrels, respectively. KNOC holds a 100% stake in Bazian and a 20% stake in Sangaw North.**

ECONOMIC – Fiscal and Monetary Affairs



Iraq: Year-on-Year Inflation



- In 2010, the Central Bank of Iraq began using a new Consumer Price Index. As a result, year-on-year inflation data prior to January 2010 cannot be directly compared.

ECONOMIC – Fiscal and Monetary Affairs



Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Debt Swap Bond Prices and Yields				
Price (USD)	\$84.83	\$84.23	\$83.15	\$64.50
Yield	7.36%	7.43%	7.55%	10.32%

ECONOMIC – Energy (Natural Gas)



Iraq to permit Iranian gas exports through its territory to the Mediterranean

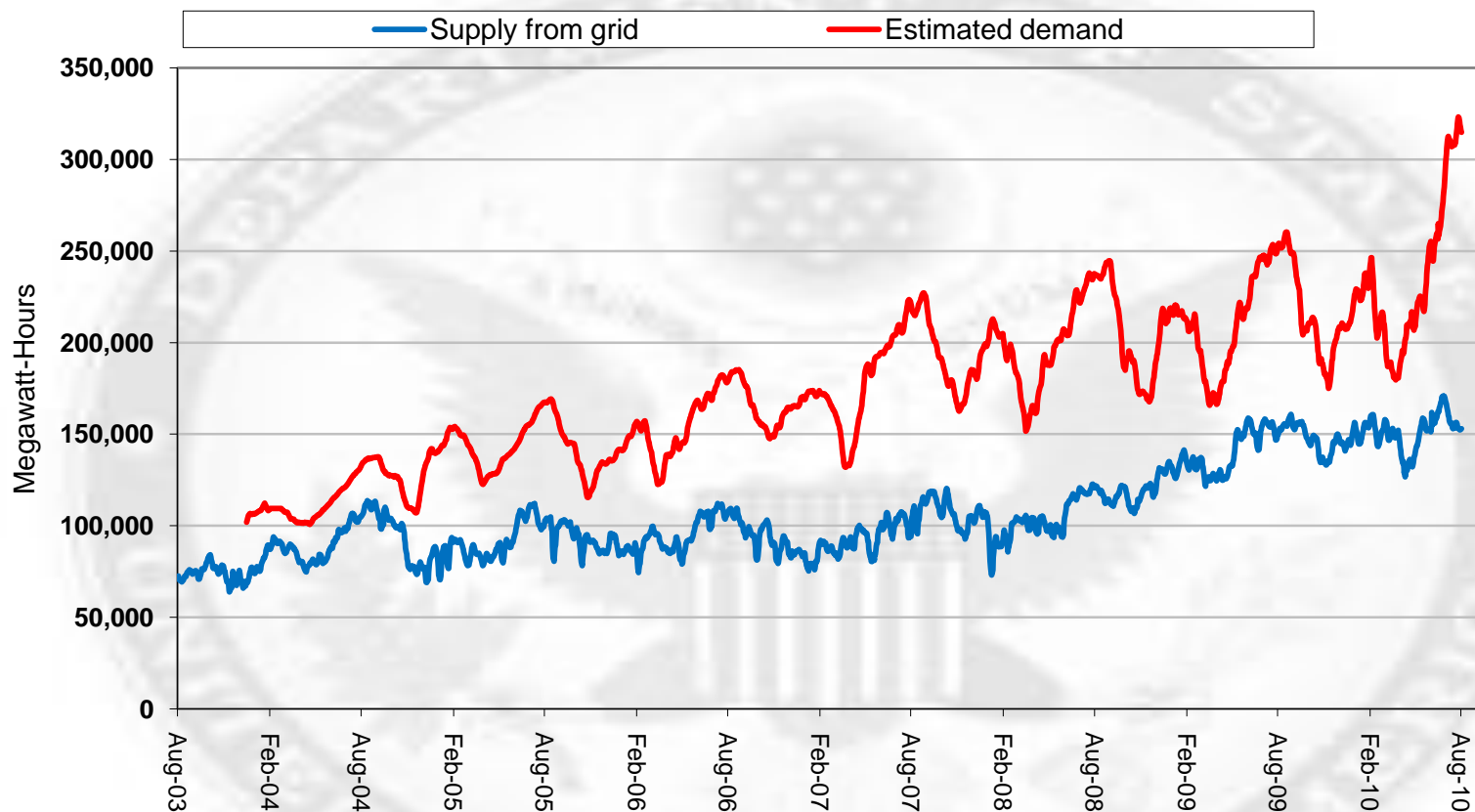
Iraq and Iran Confirm Deal to Transport Iranian Natural Gas through Transnational Pipelines:

- After a series of negotiations, both Iraqi and Iranian oil officials confirm that the former have agreed to permit transit of Iranian natural gas through Iraq. The exports will be taken via one of Iran's transnational gas pipelines to Iranian export partners in the Mediterranean, and to Syria. International energy companies and Iraqi oil officials have concerns about the ability of Iraqi infrastructure to support large-scale natural gas exports and processing.

ECONOMIC – Public Services (Electricity)



Daily Electricity Supply from the Grid and Estimated Daily Demand



- Electricity supply from the grid August 2 - 8 was 2% above the same period in 2009 and met 49% of estimated demand compared with 59% for the year-earlier period.

ECONOMIC – Public Services (Institutional Development)



EU donations to spur institutional development

EU to Invest in Iraqi IT, Health, and Education Sectors:

- **The European Union is donating €42 million in support of Iraq's information-technology sector development. The contribution comes as part of a larger cooperation agreement between the EU and Iraq intended to strengthen Iraq's institutions, including its education, health, and service ministries, and Iraq's Independent High Electoral Commission.**

ECONOMIC – Private Sector (Commodities and Banking)



Regional players involved in Iraq's commodities and banking sectors

Iran's New Ambassador to Iraq Predicts Expansion of Trade Ties:

- Iran's new ambassador to Iraq, Hassan Dannaie Fir, commented that trade between the two countries will double in the "near future" from its current \$7 billion annually. Since the fall of Saddam Hussein, Iranian companies have been aggressive in pursuing business in Iraq, a market that the ambassador described as "fertile" for Iranian products. The Ambassador's comments come amidst renewed international sanctions against Iran for its nuclear energy activities.

Security Concerns Deter Some Lenders, Though Mid-East Banks Continue Operations:

- Attacks on the Central Bank of Iraq and Trade Bank of Iraq in June, coupled with the inconclusive elections in March, have deterred Gulf and European lenders from aggressively pursuing partnerships with local Iraqi banks. The Central Bank, which administers lenders' applications to establish operations in the country, notes a decline in foreign interest over recent weeks. In addition, the Bank itself has put several applications on hold due to unstable conditions. Presently, Bahrain, Turkey, Iran, and Lebanon are the main regional players in Iraq's developing banking sector, which accounted for only 7% of Iraq's total GDP in 2009.

DIPLOMATIC – Political Engagement



Iraq's partnership with the U.S. strengthens

Iraqi Cabinet Approves Two U.S. Consulates:

- The Iraqi cabinet approved a plan on August 10 to open two U.S. consulates in Basrah and Irbil. The plan was approved in the context of the Strategic Framework Agreement, which serves as the framework for maintaining and enhancing a long-term U.S.-Iraqi relationship based on mutual goals.

Iraq Calls on the UN to Remove Iraq from Chapter VII Status:

- Iraq's representative to the United Nations Hamed al-Bayati called on the UN Security Council to bring Iraq out of Chapter VII status in a speech to the Security Council on August 4. "Iraq has taken important steps regarding the prevention of nuclear armament, in addition to its commitment to the agreement with the International Atomic Energy Agency," Bayati said. The UNSC called on Iraq to address all outstanding issues related to Kuwait, Oil-for-Food Program contracts, and disarmament so it may dispose of the sanctions and more than 70 resolutions adopted after the 1990 invasion of Kuwait.

Beyond Baghdad



Example of Greenhouse in Iraq

Salah ad Din

“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

A five-day leadership camp was held for 100 young women ages 15-25 from Salah ad Din and surrounding provinces. The camp trained the girls in leadership and governance skills through hands-on activities including the formation of a provincial government and the election of a camp governor, and empowered the young women to become future leaders in their communities. A USAID representative attended the camp and participated in the mock governor election as a member of the panel of “foreign observers.” Salah ad Din’s Director General for Youth and Sports also attended the last day of camp.

Irbil

An advanced greenhouse training program was held for 25 greenhouse owners from Malta, Dahuk. Held by USAID staff, the training concentrated on greenhouse operation, growing mechanisms, irrigation, pest management, and plant nutrition. The trainees were also instructed on business management to enhance livelihood opportunities. The trainees were particularly interested in soil preparation and how to increase moisture-holding capacity.

CONTACT INFORMATION



This brief draws from multiple sources. References are cited on the following pages.

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- Department of Defense, Section 9010 Measuring Stability and Security in Iraq
http://www.defenselink.mil/home/features/Iraq_Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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- Middle East Economic Digest [MEED], August 4, <http://www.meed.com/countries/iraq/political-uncertainty-delays-foreign-banks-push-into-iraq/3008346.article>

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